

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:3518
ANSWERED ON:20.08.2004
LEASE TAX ON AIRLINES
Kamat Shri Gurudas

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether lease tax adversely affects the finances of airlines;
- (b) if so, the details thereof;
- (c) whether this would ground the expansion and modernisation plans of the State owned airlines and private low cost airlines; and
- (d) if so, the steps taken in this regard?

Answer

MINISTER OF STATE OF THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL)

(a),(b) and (c):- Yes, Sir. The provisions in the Financial Bill relating to withdrawal of Income Tax exemption on payment of lease rentals of aircraft/aircraft engine will pose additional financial burden on airlines seeking to lease aircraft. The extent of additional financial burden will depend on the number of aircraft leased.

(d) Minister of Civil Aviation as well as Various Airlines have requested Ministry of Finance for reconsideration.